

MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
January 7, 2015

A meeting of the Municipal Budget Committee was called to order at 6:32 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman Joe Mosca, Maureen Seavey, Doug Swett, Michael Fougere, Dick Klement, Bill Masters, Christopher DeVries, Danielle Santuccio, Frank McCarthy, Terry McCarthy, John Edgerton, Peter Donohoe, Steven Steiner, Greydon Turner and Stacy Sand. Excused: Maury McKinney and Mark Hounsell. Also present: Earl Sires, Town Manager; Lilli Gilligan, Town Finance Director; Ray Leavitt, Chief of Center Conway Fire Precinct; Nancy Leavitt, Treasurer and Clerk of Center Conway Fire Precinct; Ann Michelle Ames of Redstone Fire Precinct; Harry Pendexter of East Conway Fire Precinct; Rhoda Quint, Town Clerk; and Paul DegliAngeli, Town Public Works.

John Edgerton led those present in the Pledge of Allegiance.

PRECINCT BUDGET REVIEWS

Center Conway Fire Precinct

Chief Ray Leavitt and Nancy Leavitt, Treasurer and Clerk, presented the proposed Budget including the Capital Reserve of \$186,675.00, an increase of \$6,400.00 from last year.

Stacy Sand stated Training Wages has doubled; please explain. Chief Leavitt stated they are required to pay an hourly rate which they didn't before. In order to keep them out of trouble with the Labor Department, they've had to add some money to that part of the Budget.

Dick Klement stated on the Heating line, you're requesting the same as last year and given the recent decreases could they please sharpen their pencils for when they go to the Deliberative so that they can reduce that. He doesn't want to arbitrarily say it should be "x", "y" or "z", you guys know better than us. Chief Leavitt stated as you know, the fuel situation is kind of volatile and they are trying to forecast a year in advance. He would be really hesitant to try to cut that back because they do try to run their Budget pretty tight, so if something happens to the energy which he thought they will probably go back up again next year that he didn't want to get them in a hole. He appreciated what Dick was saying, but they're looking at a forecast for next year really for their heating system.

Greydon Turner asked if it was primarily diesel or gasoline. Chief Leavitt stated diesel. Greydon stated diesel has not dropped nearly as quickly as gasoline either which is another interesting fact. As we go through these, it is probably a good question to ask each one of these people.

Christopher DeVries stated the increase in the Radios Budget, he assumes they are updating all of their radios. Chief Leavitt stated yes, they have updated because the State has gone to more digital stuff. The radios are

more expensive and they have a few more members so they are replacing pagers as some of the older ones are outdated. They are trying to keep it in line.

Chairman Mosca stated that he had a question that was non-budget related. He just passed an accident scene when he was coming here and his question is: why do the responders have to park on both sides of the road and he is going to ask this same question to the Police Chief when he is in here in a couple of weeks and he is sure the Chief will hear about it before, but why do people have to park on both sides of the road. Isn't it more dangerous for the responders because then they are going back and forth as traffic is trying to go around the accident scene. Chief Leavitt stated in Center Conway they try to get everybody on the same side of the road for the most part; as for other jurisdictions, he has no control over that. Chairman stated it's just a question that he wanted to put out there because, like he said, it boggles his mind that they are on both sides of the road and it actually makes it more difficult he would think trying to direct traffic around it. Chief Leavitt stated he agreed. Chairman stated he was going to ask the Chief when he sees him also.

Chairman Mosca thanked Chief Leavitt and Nancy Leavitt for their presentation of the proposed Budget and for coming in.

East Conway Fire Precinct

Harry Pendexter, Commissioner, stated their Budget for last year is the same as the Budget for this year which is \$57,650.00 and they spent \$1,800.00 less than the Budget last year.

Stacy Sand stated electricity prices have gone up, you accounted for that in your Hall electricity costs, have you accounted for it enough for your actual costs. Mr. Pendexter stated he believed they did, they went from \$700.00 for the year to \$900.00 for the year. The electricity for the Fire Department went from \$900.00 to \$1,200.00 for the Budget. Last year was \$900.00 and this next year going forward is \$1,200.00. Stacy stated you actually spent \$1,100.00 so that's only \$100.00 more than what you actually spent. Mr. Pendexter stated he still believed that it would be pretty close to what it should be.

Dick Klement stated he appreciated taking the Propane down \$500.00, but his question comes on truck fuel. You're remaining at \$1,300.00 which you have asked for before, but your actuals for 2014 were just over \$200.00. Mr. Pendexter stated in 2013 they were closer to \$1,000.00, so they didn't want to cut themselves too short on that line item.

Peter Donohoe stated it's commendable that you under spent. Your equipment purchases were enormous for 2014. Mr. Pendexter stated that equipment purchase was a one-time item; it was a polypropylene tank that has so much water and so much foam that they can put it into the back of a pickup truck and take it out into the woods. It has the pump, you can draw water onto it, you can pump water off of it. Previously they had a unit that was, he wanted to say, cobbled together, it had almost like ATV tires on it, it wasn't really good going down the road and it was great taking out

into the woods and it worked pretty well but you had to be a mechanic to run it, you had to choke it and you had to do all these things to get it to go good. This was a much better purchase.

Frank McCarthy stated he was curious about Office Supplies. What do they include in that. Mr. Pendexter stated that's going to be copying, copy paper, it's not going to include any computer programs because the only one's that they use the Treasurer has her own programs for that. He would have to look into it further in order to break it down further. Frank stated the reason he asked was because he was told when he asked this question to another department, not here but talking to them in general, they told him that buying a refrigerator and a coffee pot and cream and sugar and coffee was considered Office Supplies. Mr. Pendexter stated no, they don't do that; they don't have a coffee machine. Frank stated they shouldn't either, but he just wanted to bring it out.

Chairman Mosca thanked Mr. Pendexter for his presentation of the proposed Budget and for coming in.

Redstone Fire Precinct

Ann Michelle Ames, Commissioner, and Greydon Turner, Commissioner, presented the proposed Budget of \$55,762.00, a decrease of \$1,000.00.

Greydon Turner stated that they passed out the MS-35, the Budget, this year and the reason that it doesn't look quite correct is that the forms that the State of New Hampshire has them using now has changed to an on-line program. When Ann Michelle (Ames) was entering the information today, the program would not allow her to print. She has since contacted Jamie Dow at the State to figure out what it is that is going wrong and she does have an explanation for some of the items there and they will have a complete Budget shortly as soon as she can get it resolved with Jamie.

Ann Michelle Ames stated this is what they spent last year and on the back page is what they are asking for this year. She has done the Warrant Article and has submitted that and they just haven't responded yet. Apparently they have to approve it before they let you go any further. Bottom line is last year the Operating Budget was \$41,500.00 with a Capital Reserve appropriation of \$15,000.00, the total request was \$56,500.00, the total spent for the year was \$55,752.00 and they are under Budget by \$748.00. In 2015 they are requesting \$40,500.00 and \$15,000.00 for the Capital Reserve totaling \$55,500.00, \$1,000.00 under last year. They have continued with improvements to the buildings and that's why they feel they can save \$1,000.00 this year because most of their things are done.

Stacy Sand asked if the members discuss this, even if it's just with Greydon (Turner) like when they have a better copy. Ann Michelle Ames stated that's what they've spent, that's not going to change, that's what they've spent. What you are going to get is what we're asking for this year broken down by the numbers, but she just can't get it. Stacy asked if Ms. Ames couldn't get it at all or just not yet. Ms. Ames stated everything is in the computer and has been sent to them (State of New

Hampshire) and apparently they have to approve it before you can do anything and she still doesn't know how to print. She has called two people to try to print the copy before it was approved and she just can't get it. That's why she just gave the bottom line figures.

Greydon Turner stated these new rules were put in place by the DRA about a month or two ago when they were notified and it wasn't terribly long ago when they were informed of these changes. There have been numerous issues with Passwords, logging into the site, using the site; Nancy Leavitt has had some similar issues on her end trying to do the same thing. In their opinion, it was hastily enacted by the State of New Hampshire to get it in right now, but they haven't potentially worked out all of the bugs yet.

Ann Michelle Ames stated she signed up to go to a class up in Littleton and she broke her shoulder and couldn't drive. They had an on-line one and she signed up for the on-line one and they had issues with the on-line one where you couldn't get any sound. The next on-line one is tomorrow and she received an e-mail saying she could watch the one tomorrow and she wrote them back saying the meeting is tonight so she doesn't need to go to the one tomorrow.

Chairman Mosca stated he thought that was why the other two districts just gave us a spreadsheet because they can't get theirs to work either.

Greydon Turner stated going forward it's all supposed to be submitted on-line.

Ann Michelle Ames stated as Greydon (Turner) said you have to submit it on-line. They don't have Internet at the Station, so now they are going to have to pay for Internet.

Maureen Seavey stated you combine some of the stuff that these other Precincts did, right. You put in one total. Ann Michelle Ames stated yes, she did put in one total because she couldn't give the Committee the breakdown. It wouldn't print out the breakdown. Maureen stated if they did something like this and then maybe have something like this so you can explain. Ms. Ames stated right, that was what she had just said to Nancy (Leavitt) about using her spreadsheet and set one up. Maureen stated it would then be better to understand than this thing. Members may have to go to class to learn how to do this. Ms. Ames stated this is what the State is telling them they have to use.

Frank McCarthy stated he knows they are saying that the State told them to use this, but this is a Financial Report form, it isn't a Budget form. Ann Michelle Ames stated no, it's not a Budget, it's what they spent last year. When they would use the MS-37, it would give the previous year of what you spent and then it would give you what you wanted to get for 2015. This doesn't allow you to do that, so rather than give you nothing, she thought she would give the Committee what they spent last year. Frank asked how come she was so far ahead of everybody else in the town. Ms. Ames stated she spent two hours with Nancy Leavitt, she spent hours, hours on the Internet and hours on the phone with other people trying to do

this. She's a college graduate, she's run a business, she works as a bookkeeper and she should be able to do this.

Ann Michelle Ames stated that their Office Supplies consist of stamps, paper and ink cartridges for the computer and envelopes. They don't have a coffee pot; if they want coffee, they can go down to Irving's and get one.

Chairman Mosca stated at some point in the near future, within the next two weeks, could we get a spread sheet, kind of like the others and you (Ann Michelle Ames) don't have to come back. Ms. Ames said yes and that she would give them to Greydon (Turner).

Chairman Mosca thanked Ann Michelle Ames and Greydon Turner for their presentation and for coming in.

TOWN REVIEW

ELECTIONS AND REGISTRATIONS

Rhoda Quint, Town Clerk, presented the proposed Budget of \$109,385.00, a decrease of \$680.00.

Steven Steiner asked how do you run such an efficient department. Rhoda Quint stated she has a great staff as probably everyone in this room knows; she has great support within the Town Hall for education and training and it's a good place to work.

Chairman Mosca thanked Rhoda Quint for her presentation and for coming in.

PLANNING AND ZONING

Earl Sires, Town Manager, presented the proposed Budget of \$188,748.00, an increase of \$8,953.00. Basically, as we talked about the format last Monday, a lot of the notes in the right hand column explain what's going on with this Budget. Basically, the increase of about 5% is largely staff costs, 2 full-time and 1 60% employee. The other thing that is going on is there was a change to State law this last year on noticing requirements when there are zoning changes and things like that makes it the Town's responsibility to notify more people than they would have had to notify in the past. Postage goes up, copying and that kind of stuff goes up in order to be able to do that. That's pretty much it.

Chairman Mosca thanked Earl Sires for the presentation.

PUBLIC WORKS

Highway Department

Paul DegliAngeli, Public Works Director, and Lilli Gilligan, Town Finance Director, presented the proposed Budget of \$2,125,300.00, an increase of \$92,725.00. Mr. DegliAngeli stated that he was on page 15, page 16 would be the bottom line, but it starts on page 15. Chairman Mosca stated that Mr. DegliAngeli must have a different book than the Committee members did.

Lilli stated page 16. Chairman Mosca asked that Mr. DegliAngeli introduce himself to the viewing public just in case someone doesn't know who he is.

Paul DegliAngeli asked Chairman Mosca what did the Chairman want him to do next. Chairman asked if he wanted to explain anything or did he just want questions fired at him. Mr. DegliAngeli opted for the questions.

Dick Klement stated he was probably opening up with the same question that he had last night and still didn't understand. Under Highway Overtime, you have \$110,000.00 and nothing is shown in 2013/2014, but it states it is being tracked separately, where is the reduction of \$110,000.00 coming from if you're tracking it separately now. It was included in something else before. Chairman Mosca stated it wouldn't be a reduction, it's just that this year's numbers are actually up \$78,067.00, you can't reduce something that didn't exist. Dick stated but the overtime existed before. Chairman stated right, but it was all calculated in the regular Labor line item. The Labor line item is down \$32,000.00, but the net increase in Labor total costs is \$78,067.00 if you put the two numbers together. Dick asked then why is there an increase. Paul DegliAngeli stated because the Town has a new position in there this year and also there was a change in the merit which is no longer listed separately. Merit has been added and then they have the addition of a seasonal position.

Chairman Mosca asked Paul DegliAngeli if there wasn't someone doing that now, the seasonal position. Mr. DegliAngeli stated no. Chairman stated it is on the other side, he was thinking Solid Waste.

Dick Klement stated so the Town has added people. Paul DegliAngeli stated a half person. Dick stated a half person and there's a merit raise. Mr. DegliAngeli stated and the merit line item is now placed in Labor, correct. Dick asked if that was in addition to any step raises they would receive. Mr. DegliAngeli stated there are no step raises in their Contract. Dick asked what is the maximum merit raise this year. Mr. DegliAngeli stated this year it's 2.5%, but it varies with the CPI, Consumer Price Index. Dick stated so you're not using the 1.7% Index that everybody on Social Security gets. Mr. DegliAngeli stated that's correct; in their Contract there was a floor and a ceiling put in and the floor was at 2.5%. It's a negotiated item. Getting back to your other question, many Union Contracts have a step increase, they do not, it's meritorious appraisal only. You don't perform, you don't get the percentage; you perform below a certain amount, you go on probation.

Maureen Seavey stated to Paul DegliAngeli that he said the Union was 2.5%, isn't the Town 3%. Mr. DegliAngeli stated nope, they have parity with the non-Union hourly and executive positions and it follows the CPI, but there's a floor and a ceiling. Maureen stated she agreed with that but thought the other night it was stated a 3% raise. Did you not say 3% raise. Lilli Gilligan stated she did say 3%. Maureen stated theirs is only 2.5%. Mr. DegliAngeli stated if you're on the top tier, it's an incentive, so top tier would be somebody scoring 96 to 100 would get .5 above CPI, so that's correct. Having just done his staff which he does at year end, he could tell the members that in that grouping there were no 3's, but that's

correct, those employees getting a 96 to 100 on their merit raise could do CPI plus .5 under the current Contract.

Frank McCarthy stated if this were done the same way this year as it has been done in the past, rather than showing a \$32,000.00 decrease, there would actually be a \$78,000.00 increase. Is that not correct. Paul DegliAngeli stated correct. Frank asked for how many employees. Mr. DegliAngeli stated you have the raises for 22 employees in the Public Works Department. Frank asked what was the average raise for them. Mr. DegliAngeli stated the average raise is 2.5%. There are 6 for Solid Waste, 3 for Garage and the remaining are in Highway and then you add in the half-time position which was \$55,000.00. If you take that \$78,000.00 to which you are referring, remove \$55,000.00, that's the seasonal position.

Earl Sires stated he wanted to point out that is an existing position or an existing function that they've had and have handled it in a Contract format and a lot of that is paid for by Contract. The proposal this year is to have for part of the year a seasonal employee and actually pay them through payroll rather than as a contractor. Again, much of that is going to be funded by contractor fees.

Frank McCarthy stated he assumed, as the members did on Monday night, that this figure is salaries only, no benefits included. They're hidden some where else, correct. Earl Sires stated no, they are not hidden. Paul DegliAngeli stated they're in the Benefits line item. Earl stated they are benefits of FICA and those kinds of things for payroll but not Health Insurance. Frank asked what benefits are included in this figure. Earl stated he believed it was just payroll, a person's FICA, Medicare and all of that kind of stuff is in the Benefits line, but Lilli (Gilligan) can tell you more about where it all is. Frank stated so this is payroll only. Lilli stated yes. Chairman Mosca stated this position does not have Health Benefits. Lilli Gilligan stated no.

Frank McCarthy stated when you say seasonal, what are you talking about, how many months out of a year. Earl Sires stated he would defer to Paul (DegliAngeli) on that one. Mr. DegliAngeli stated 6 months, construction season. Frank stated so they have an annual salary of \$110,000.00. Mr. DegliAngeli stated no because this person is paid just that and not paid Benefits and etc. so this person then in turn will go out and buy their own Health Care, etc. Frank stated if they only work 6 months and they're getting \$55,000.00, that's \$110,000.00 for the year, right. Mr. DegliAngeli stated these positions don't exist, he supposed if the person got on a plane and traveled some place where they had construction in the winter months, but in New England these folks only work that time of year. Frank stated he wasn't questioning why they work, he was just saying that the job that whoever this is is filling and getting \$55,000.00 for 6 months, if they worked for the whole year they'd be getting \$110,000.00, so it's a \$110,000.00 a year position. Mr. DegliAngeli stated 12 months in a year, two times \$55,000.00 is \$110,000.00.

Dick Klement stated he had two questions. What you (Paul DegliAngeli) essentially are saying is that this individual is receiving some \$50.00 an hour for seasonal work. Mr. DegliAngeli stated correct. Dick asked what

this individual does for \$50.00 an hour. Mr. DegliAngeli stated this is an engineer and inspector on the Town's construction projects. Dick stated his second question was how many people were put in the top merit line, you said it was 96 to 100% or some where in there. How many of your 40 some employees, how many people were in that top group. Mr. DegliAngeli stated he didn't have that number in the top of his head. Dick asked half a dozen. Mr. DegliAngeli stated he would have to get that information to the Committee. Dick stated because if it's like 50% of the people, then it's not a merit raise in his own skewed vision. Dick would appreciate the information.

Maureen Seavey stated if this wasn't done in-house, did you pay somebody else to do this last year, is that what you're saying. Paul DegliAngeli stated the Town has paid someone to do this for 17 years. Maureen stated so you're saving money; \$55,000.00 is less than what you were paying those people on the outside. Mr. DegliAngeli stated the going rate that he would pay for this through one of the consulting firms is between \$88.00 and \$112.00 an hour. He had four inspectors on this season. Anybody who tried to drive around town, it was his fault and that's what they get paid. Maureen stated so you will actually save money by doing this. Mr. DegliAngeli stated it's a pass through cost as Earl (Sires) said earlier. If the Town was paying on the Wal-Mart job \$102.00, then they got charged \$102.00 an hour. The Wal-Mart job alone was \$148,000.00 in 6 months of inspection fees. Maureen stated she would say that would save money. Mr. DegliAngeli stated the Town is to the point now where is so much going on and they collect those fees through the Town's Construction Permits.

Stacy Sand stated that didn't Paul DegliAngeli he explain it to the Selectmen also that in order to meet the labor requirements of the law that you had to bring this person in-house or basically lose the person that's already trained and has worked with him in the past. Mr. DegliAngeli stated Lilli (Gilligan) is also our HR person as well as financing and she's going to address that. Lilli stated one of the individuals that was utilized that was not working for a firm was working for himself and had the necessary background and engineering degrees in order to be able to do this work. Because he was working as an independent contractor, the company that the Town switched to, they used to buy their insurance products for Worker's Comp and property liability and those types of insurances from the local government center, they switched to Primex this year and they did an audit of all of the Town's salaried people as well as any individuals that were paid monies for services rendered. They identified a hand full of people that they said must come under Payroll going forward and this person was one of them. This also happened at the same time that this individual after 17 or 18 years of doing this work for the Town has decided to retire. The Town is now in a position that if they are going to hire somebody that would like to be an independent contractor and just be paid a flat fee and be paid on a 1099, they are not able to do that. The insurance company will not allow them to do that.

Chairman Mosca stated then we can find another insurance company because obviously we've been doing it for as long as we've been doing business, so the insurance carrier is the one prohibiting it, not anything else. Lilli

Gilligan stated they're stating Federal law that it needs to be done. Chairman asked how has it been done for as long as the Town has been in business. Earl Sires stated it came out as part of a review when the Town switched. He did not think the old insurance company realized what was going on and they didn't think it was an issue. They looked at all of the employees when they switched and said the Town had to change it.

Dick Klement asked if that had ramifications to other Town Departments or the School that you can't use independent consultants any more. Lilli Gilligan stated she didn't work for the School. Dick stated he understood that. Lilli stated there were 3 or 4 other people identified that had to be switched to a W-2 relationship.

Dick Klement stated this may be a question for the Police, but it has been identified that in the Police Station there were a number of, an amount of poor construction perhaps fraud and he will use the word fraud, is the Town discussing going forward and suing these people for false representation or shoddy work or whatever comes forward. Paul DegliAngeli stated that discussion hasn't happened. The Police Station was constructed in 1988 and he was not an attorney but guessed that they have exceeded the Statute of Limitations on that one.

Danielle Santuccio stated yes, there is a Statute of Repose and a Statute of Limitations. Statute of Repose is 8 years after no matter what. Statute of Limitations is 3 years after. If it was 4 years after and you didn't find it until a year after it was built, then you would still have that 3 years, but you have a total of 8 years if that makes sense to everybody. Paul DegliAngeli stated the Town was three times that.

Dick Klement stated so if the Town can't sue, can their names at least appear in the newspaper so people don't go there. Paul DegliAngeli stated one of them was a maintenance contract for the Town and they are no longer, but the folks that looked after the sprinkler system was the same company that installed it and the Town gave them an option, they declined so they are no longer the Town's contractors. Dick stated these people are getting away with this and essentially stealing from the taxpayers of the Town because we've got to go fix it and they get a free skate. Danielle Santuccio stated almost 30 years later. Dick stated you're right, but if you use the wrong materials, sub-standard materials, and you don't do it to code and you say you did. Chairman Mosca stated if it took us 30 years to figure it out, then shame on us. Dick stated you don't open walls normally to figure out what's going on. Mr. DegliAngeli stated this is the perfect reason why the Town doesn't do anything without an inspector and in those days, there were none.

Chairman Mosca stated he wanted to go back to line items because he had a lot of questions. The top of page 17, Garage Uniforms, and he knows he is only talking little dollars every where, but every little bit helps. We put in \$2,200.00 in 2013 and spent just under \$2,000.00, we put in \$2,400.00 in 2014 and spent just under \$2,000.00, we're going up to \$2,600.00. Why do we keep increasing when we haven't reached the \$2,000.00 threshold yet. Paul DegliAngeli stated the Town has a new Contract. They just ended a 5-year Contract, they have a new Contract. Looking at 2013,

he asked for \$2,200.00 and they spent \$1,900.00 and he was \$300.00 under. He'd rather come before this Board and state he was \$300.00 under rather than \$300.00 over. There are other things that the Contract addresses that didn't result in expenses for the Town. A guy's welding and he destroys a uniform, there's a whole new charge on that. It's budgeting; it's \$2,000.00 on a \$2 Million Budget. Chairman stated as he said, if there's \$500.00 here, \$1,000.00 there, \$600.00 there, it adds up to a couple of thousand that can be taken out and every little bit helps. Chairman stated he understood Mr. DegliAngeli's point.

Mr. DegliAngeli stated he wanted to address that point. He's the guy, and a lot of members have been here awhile, that has come here and said his Budget request is 1.2%, are there any questions for he didn't know how many years and then stated he did - since the Great Recession as they like to call it. The reality is that everyone in this room seemed to like that, but at the year end those Budgets have gone over. They have already nipped and tucked on this Budget and there really is no contingency and if you look back, and he brought that here tonight if it's of any interest, one can see that it's all well and good to come here and say "hey, I'm only asking for 1.2%" even though the Cost of Living was 2.7%. The reality is that he still has to buy that pipe and the records show that they have been going over. They have maintained the bottom line in the larger Budget, but in this Budget, to use a cliché, nickled and dimed, he just didn't have it. Could the Garage Uniform Budget be less, sure. He is projecting everything the Highway Department is going to do next year. Chairman Mosca stated there's a couple that he thinks are too low.

Lilli Gilligan stated the Warrant Article last year passed the increased boot allowance and this line includes that \$50.00 extra for those boot costs as well.

Chairman Mosca stated in Highway Drainage, this year you're over and you're actually asking for less money than you spent this year. That's one of the ones that he thought should be bumped up a little bit. Paul DegliAngeli thanked the Chairman for that, they'll take all money. Chairman stated he wasn't just looking to cut line items is what he is saying, he's looking to be realistic. Mr. DegliAngeli stated he hated to make an adjustment based on just the one year. He's looked back on this one, he went back to 2011, looked at the trends and then looked at what cost them the extra money this year, some collapses. He took some drainage pipes for this and that and the other thing and he considered what the Chairman was saying but because his bottom line request this year was up, that's one place where he nipped. Chairman stated like he said he wanted to be fair when he is asking about cutting and there are a couple of line items that he thought Mr. DegliAngeli needed more money in.

Chairman Mosca stated Street Lights, the next one, just with what's going on with electric costs in general right now, do you think there is enough money in that line item. Paul DegliAngeli stated yes, the reason being is that the Town entered into a Contract which they have another year in with the supplier for electricity and they keep getting asked this question over and over again, people are surprised, but the Town locked in, they didn't want to negotiate, they didn't want to have a variable rate. The

Town stated if you want our business, we want a fixed rate. That's with PSNH. On the New Hampshire Electric side, the Town didn't change that retailer and the reason being that when they did this New Hampshire Electric was 7.5%. They locked in with a company at 7.6% for their PSNH customers. The town is split, everyone realizes that, right, he has some 54 meters. The Town stayed with the Co-op, but left PSNH. The PSNH rate is fixed at 7.6% and they have another year. The Co-op rate is going up, but the business he does with the Co-op, with the exception of one building: Whitaker, is street lights and they have been converting those to LED. Their recent conversion job, they're projecting a \$5,000.00 annual savings. He is not sure, the Town has not played that out yet, they'll have to see, but that was his thinking when he looked at that line item. He could be wrong, but that's what's going on there.

Chairman Mosca stated the next one he was going to ask about was Pavement. You (Paul DegliAngeli) are over this year, have the same figure for next year. He knows a lot of it is petroleum based, could that go down a little bit. Mr. DegliAngeli stated that's a heck of a good question. Chairman stated it's a guess, he understood. Mr. DegliAngeli stated he didn't know what to tell the Committee there other than that the Town has gone through something like a 27% increase in pavement in the last 5 years. He has been here for over 20 and pavement was very stable and slowly crept and then in the last five, as he said, they approached a 30% change. Last year, they were all expecting pavement to come in around \$75.00 to \$78.00 a ton and they did it for \$71.00, still they went over because they had a lot of work to do last year. The petroleum question is a good question. Again, he went back and forth, looked at what the Town had, doesn't have the same tonnage and same volume, this is the number he programmed.

Chairman Mosca stated the last one he was going to ask about was School Buses. Paul DegliAngeli stated that one is always tricky, whatever they put in there, the School ends up paying what it actually is, but because of the form of accounting that they are obligated to follow, they are suppose to budget on what they have. The School went through a period of where they ran their buses for a longer life and we saw that reflected here because of the maintenance. They've abandoned that program and have gone back to, and you're aware of that, so they are trying this number. Again, that's another one that's a tough one to predict from here and whatever it is, it ends up being reimbursed by SAU as it says right there.

Dick Klement stated on the Highway Vehicle Maintenance, it has been increasing every year and you've asked for less this year than you spent last year. Have you guys figured you've reached the top of the bubble. Paul DegliAngeli stated they were hoping. Again, during the recession he was asked to stretch out the life of these vehicles and you're seeing that in these line items. They spent a lot of time on this issue. He can't predict what's going to happen to a plow truck when it goes out Friday night, he just can't, but they have some vehicles that they have replaced. They have some work vehicles that they have done a lot of work on and made a decision to keep. He's looking back at all these years of data and they came up with that number. He can't say, again, whether that's the right number, but he was mindful of the bottom line and he's hoping.

Dick Klement stated he understood, but if the Town is deferring buying new equipment, doing something like what the School did, and extending the life span of the existing equipment, sometimes, as the School found out, that's not the smart thing to do. Paul DegliAngeli stated he wanted to say this is the second time they've gone through this and perhaps he should grab a tape of this because when they got to this problem 5 years ago in the Budget and they said let's stretch the life of the vehicles, the Town said we've done this before and it doesn't usually work out for us, we've got this body of data and they said let's try it, we have Capital Reserve, what's the worst that could happen, so the Town did it again and you (Dick Klement) are right, it's showing up. The Town is trying now as they go forward to take those vehicles back in their planning. It's not all bad news; the good news is that when they started this program of Capital Reserve for equipment and this was the first account that went that way back 22 years ago, the Town was replacing vehicles every 7 years. They didn't have records at that time and they didn't do it. They started doing it, they created a Capital Reserve and went to 10 years, then they went to 12 years, and then they went to 15 years and that's what you are seeing here. In that time, they realized they have a 1-ton, they have a Wheeler, they have heavy equipment. He has a snow blower that's 30 some odd years old and it's fine. Then they got more sophisticated and said these vehicles should be replaced at 10, those are good for 12 and these are the ones that will be okay at 15, but they can't mix and match them so they're back headed in that direction. Stay tuned. They've been there and back again.

Frank McCarthy stated he didn't really have a question, but if you add up the clothing for Highway and the uniforms for the Garage and he thought they really meant the same thing, you're actually talking almost \$12,000.00. You've got Highway Clothing down here at \$9,233.00 and Garage uniforms at \$2,600.00. They both say the same thing. That's another thing that gets him, they use the word "Contract". They all do it, the Fire Departments, the Police Department, the SAU, they all do it. It's a Contract, the only word that they have to say is "Contract" and that's it, it's done, no questions asked. You know because somebody sat down and gave the house away and signed a Contract, everybody's got to eat it up. It gets to him, the use of the word "Contract".

Christopher DeVries asked if the Town upgraded its radios in 2013 or is that an anticipated cost or is that something that needs to be done too. Paul DegliAngeli stated no, they went through an upgrade of radios over 2 years and this has to do with digital versus analog and the band width, etc. They are up-to-date now and radio work is only a repair or their radios follow their vehicles. Christopher stated he saw the Police are possibly going to be replacing an antenna, does that have a positive effect for you guys and he should have asked the Fire Department as well. Mr. DegliAngeli stated he didn't think it was going to change for the Town, he thought it was more necessary for the wider, and he is ignorant on the subject, but his understanding is that it is for dealing with the Sheriff, dealing with someone who might be a little bit out of our immediate area. The Town has had no problems with their coverage whatsoever.

Solid Waste

Paul DegliAngeli, Public Works Director and Lilli Gilligan, Town Finance Director, presented the proposed Budget of \$815,999.00 for the Solid Waste Department, a decrease of \$16,772.00.

Chairman Mosca asked what was the protocol for drug testing because there was no money spent this year. Lilli Gilligan stated she would be happy to tell the members, it's random throughout all of the Public Works employees as well as anybody that's driving a vehicle so there are people that do that for the Recreation Department. Due to the randomness, sometimes a whole department doesn't get hit at all in a year. Danielle Santuccio asked if that was in the Contract. Paul DegliAngeli stated it's the law, it's Federal law. Danielle stated even for the Rec Department. Mr. DegliAngeli stated for CDL holders. Danielle stated but not for the Rec Department. Lilli stated there's a School Bus driver for trips for the Rec Department. Mr. DegliAngeli stated just a little bit more on that, they contract out with a company to randomize their testing.

Chairman Mosca asked about the Landfill Engineer. For the last 3 years we've budgeted \$8,000.00; this current year you're over and we've got \$8,000.00 again but it says for consultant services, so how can we not have a consultant on the other Department, but we can have a consultant here. Paul DegliAngeli stated this is a company, not a sole individual. They can continue to have consultants. You hire consultants and companies, they do a job and they're done. What was going on with the other person, it was the same employee if you will, year in and year out, didn't work for a company, didn't get benefits, didn't have worker's comp, any of that issue. Basically what they're doing is issues come up in the testing and the required reporting to DES and that's what they do.

Chairman Mosca asked about Equipment Repair. The Town hasn't come close to spending the money that is requested every year and he knows it was dropped down a couple of thousand dollars from last year's request, but it's not \$1,000.00, it's \$15,000.00 or \$18,000.00 that is not being spent every year. Does the Town anticipate any repairs that would require that much money or is that just something that they are holding the line on. Paul DegliAngeli stated he was trying to look back to see when the Chairman says they don't come close every year, he has back to 2011. Chairman stated all he has is the past 2 years and in the past 2 years, 2013 there was a Budget of almost \$40,000.00 and spent almost \$24,000.00. This year, 2014, there was a Budget of \$41,000.00 and spent probably \$22,000.00 by the time it's all done and that's what he's looking at. Granted there might be more history that you (Mr. DegliAngeli) has, but what he is looking at is showing that there is a lot of extra money for the size of the line item. Mr. DegliAngeli stated the number got to be where it was because it was going over and they have their replacement schedule is pretty good there and, as you can see, that's reflected in their repair costs. He did reduce the item and if the members wanted to reduce it more, that's the place to do it.

Chairman stated that line may need to be reduced, but then he is going to go down two line items to the General Maintenance and say maybe you might

want to look at increasing that one, maybe take some of the money from one and put it in the other, not necessarily impacting your overall Budget, but that line item has been over run and this year it's doubled what was budgeted, so maybe reduce the Equipment Repair a little and the General Maintenance increase a little bit, again he's not saying to change the bottom line, but maybe reallocate a little bit there and to him that would make a little bit of sense. Again he doesn't have all of the historical information that Mr. DegliAngeli has. For the past couple of years that's something and again he's not asking to cut the Budget, just maybe a little reallocation between the line items might make a little bit of sense there.

Chairman Mosca asked about Legal. There is \$1,000.00, is that just something that's carried every year just in case. Paul DegliAngeli stated pretty much. Chairman stated it's not a big deal. Mr. DegliAngeli stated pretty much they've just kept that there. Earl Sires stated one of the reasons that's isolated in there is because if they incur legal expenses in Solid Waste then they can apportion those out to the other towns that are participating. That is sort of a place mark if they do.

Chairman Mosca asked about Lease Equipment. Again, it's one of those that we haven't come close to what's requested in the line item every year. Again, maybe that's something that you could reallocate up into that other line item a little bit. Paul DegliAngeli stated there's a change there. They increased the line item when they stopped using the shredder residue from the recycling of construction materials. They are required to cover the trash when they place it and they haul the construction debris to facility and they were back hauling a shredder residue and they would also come and deliver it to them. That became a problem and didn't know if the members recalled the odor problem that was going on, and it turns out that it is the sulfur content in the gypsum, etc., etc. so they stopped that practice and they needed to use sand and so they take in sand and unsuitable fill from wherever construction is happening. They increased the line item to Lease Equipment that they need to process the sand, screen the sand for their use. They've gotten some very favorable pricing the last couple of years and when they budgeted the number, it was based on rental rates, but they ran into local contractors who didn't have the work for their item and were willing to lease to the Town below market rate and so that's why.

Christopher DeVries asked if there had ever been any thought or consideration into using solar power at the dump. Paul DegliAngeli stated there's been a lot of thought and consideration lately. They've been talking to two companies and when you say using it at the dump. Christopher stated to power utilities, electricity. Mr. DegliAngeli stated they were actually thinking a little bigger than that. The legislation changed this year and up until this year they had net metering in New Hampshire which meant that and they had it for small users or under 100 KW so that means if you put PV at your house and you use 80 KW and you're generating 100 KW, then you get no bill, net metering. If you're using 110 KW and you're generating 100 KW, then you'll get a bill for 10 KW, net metered. It was not possible for larger users and it was only possible per the meter. Now there's new legislation that allows municipalities to

aggregate their meters. As he said earlier, he has 54 meters. They have been talking with companies about creating as much solar as we possibly can. The Landfill is 10.5 clear acres, that's a lot of panels. Generate whatever we generate, 200 KW, and then be able to use it against all of their other meters. Currently it's in a study phase. The Landfill is one consideration, the roof at the Transfer Station, the trash room or the old incinerator building, it's built out of concrete. The next time you are there look up, there are T-beams like a bridge so they could fill that up with solar rays and they are also looking at the roof of the Highway Garage. He thought those were the only 3 locations.

Earl Sires stated there's a financing side to that too and they have meetings set up to further understand it, but from what he understands there are tax credits and there are different sorts of rebates that occur. There are these companies that will come in, do the construction, allow one to fund the payoff for a number of years through the savings incurred and they get a tax credit for doing it. It seems like a legit approach, but they are looking into it which would help with the financing side. We'll see.

Chairman Mosca asked about wind power. Earl Sires stated maybe they'll get to that next. We'll see. Chairman stated there's different types of turbines out there, doesn't necessarily have to be the old what everybody thinks as wind power. There's different types out there that you wouldn't even know were generating electricity. Earl stated it would work tonight. Chairman stated absolutely.

Stacy Sand stated reality is that it takes a lot of consistent wind for a payoff on wind turbines. Solar is much more consistent in this climate and a much better payoff. Chairman Mosca stated there's wind at his house every day. He could guarantee that.

Peter Donohoe stated he had a definition question about leachate, \$6,000.00 in 2013, is that the cost to transfer it to or is there a fee when you bring it to. Paul DegliAngeli stated there is no fee, let's just back up for everyone else. Leachate is the tea that you make by mixing rain water with the trash. The Landfill is a sanitary lined landfill. There is a double liner and collection system and then monitoring wells all the way around it. That's the testing. The Town takes its leachate to the North Conway Sewer Treatment Plant and in exchange the Town takes the sludge from the Sewer Treatment Plant on the Landfill and that's no cost.

Chairman Mosca thanked Mr. DegliAngeli and Lilli Gilligan for their presentation of the proposed Budgets and for coming in.

OLD BUSINESS

Earl Sires stated he did have some of the information that was requested from the meeting on Monday night and suggested that the information be discussed the next time the Town is before the Committee.

Chairman Mosca stated the other thing that he was looking for was the Departmental Budgets versus the Selectmen's Budgets and all he really

wanted was page 9. Earl Sires stated thanks for reminding him because they re-did the whole thing, every Budget, and it will be on the Internet tomorrow. They were hesitant to give completely new packets to everybody because they were afraid some people would get them in and some people wouldn't and spreading the sheets made the font smaller which made the page numbers change so they didn't want to have that confusion. If that works, they prefer to just put it on the Internet until they do the Committee's Budget revisions then they will give the members a whole new thing. Chairman stated page 9 would be perfect. Earl stated if you want just page 9, we can give you just page 9. Chairman stated if you just do page 9 he would be very happy. Earl stated they will redo page 9 and put all of the other stuff on the Internet. Lilli Gilligan stated it will be on the Internet tomorrow morning. Earl stated they would also e-mail it and people can print it and they'll have paper copies available.

NEW BUSINESS

Dick Klement stated the thought occurred to him that the members are running these numbers back and forth, we're looking at spreadsheets and asking questions, but the people at home don't have a clue what we are talking about because they don't have the materials. We've got a screen here, we've got a computer here, instead of getting the camera looking at his face which you don't want to look at, why don't we just put it on the screen so that when somebody talks about something people at home can see what we're talking about rather than this mystical thing about talking \$2,000.00 here, \$100.00 there. Chairman Mosca stated he thought that was a great idea and he would talk to Dr. Nelson about it. We would have to get a computer here to set up and hook into the system. Earl Sires stated if you can work this in, they can take care of the other end. Chairman stated he would talk with Dr. Nelson about how to get it going because we can use it for both the School and the Town.

John Edgerton asked when the Committee was going to look at the Revenue side. Chairman Mosca stated that's later in the program.

Michael Fougere moved, seconded by Steven Steiner, to adjourn the meeting at 7:45 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary